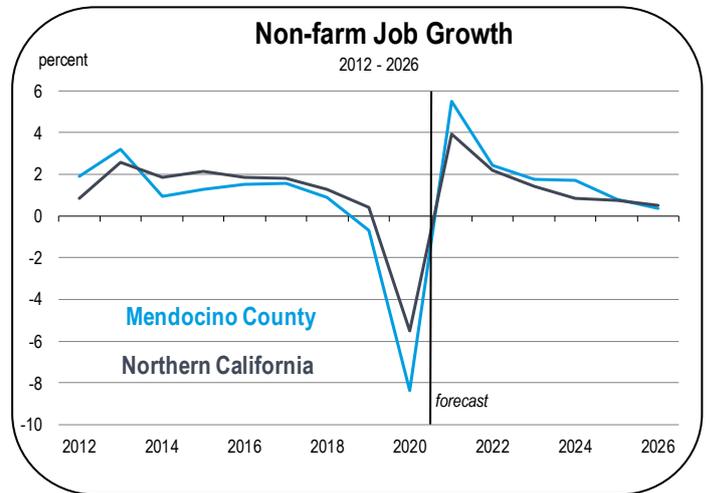


Mendocino County Economic Forecast

Forecast Summary

- On an annual average basis, 1,800 jobs will be restored in Mendocino County during 2021, representing approximately two thirds of the jobs that were lost in 2020.
- The remaining 800 jobs that were lost in 2020 will be recovered in 2022, and the labor market will enter an expansion period in 2023.
- Over the 2021-2026 forecast period, total employment in Mendocino County is expected to increase by 4,300 jobs.
- Government, leisure services, healthcare, and agriculture will be responsible for the majority of all job creation during the forecast period.
- Agriculture employment is expected to expand faster than any other sector as Mendocino County cannabis growers continue to enter the legal market.
- The unemployment rate averaged 8.9 percent in 2020.
- The unemployment rate is forecast to average 5.9 percent in 2021 and 4.4 percent in 2022.
- The Mendocino County population is expected to decline during most of the 2021-2026 forecast period.
- The median home price increased by 16 percent in 2020.
- Home prices are expected to increase by 9 percent in 2021 and 5 percent in 2022, but should remain affordable to most of the local population.

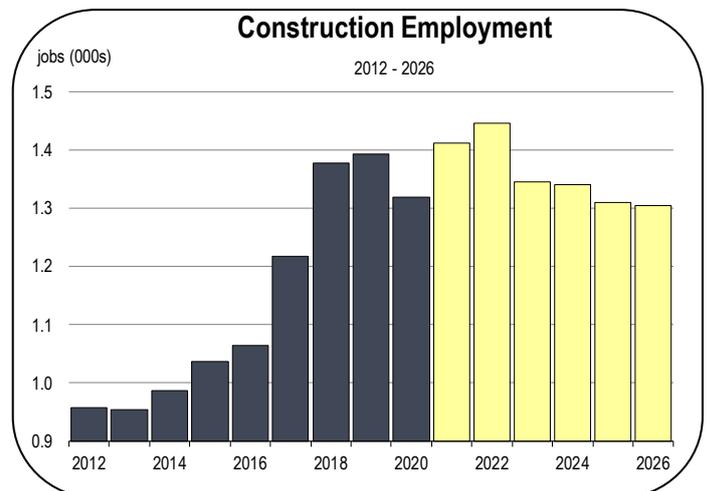
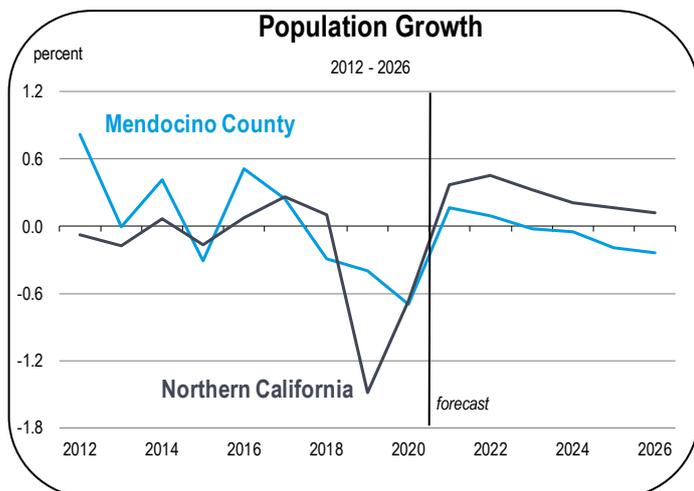


Job Growth

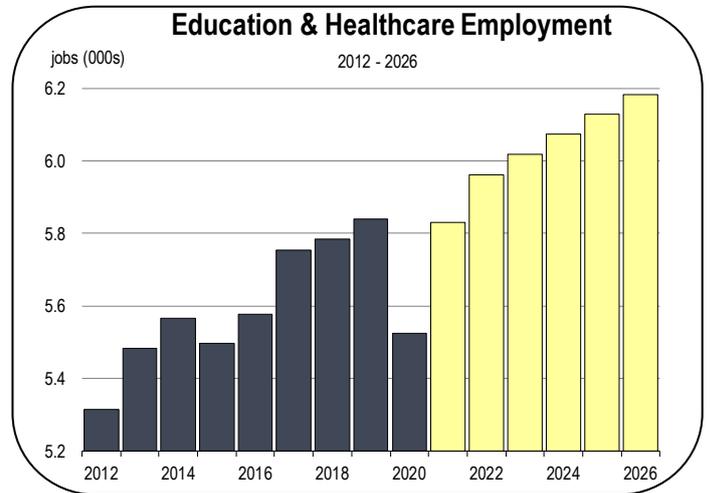
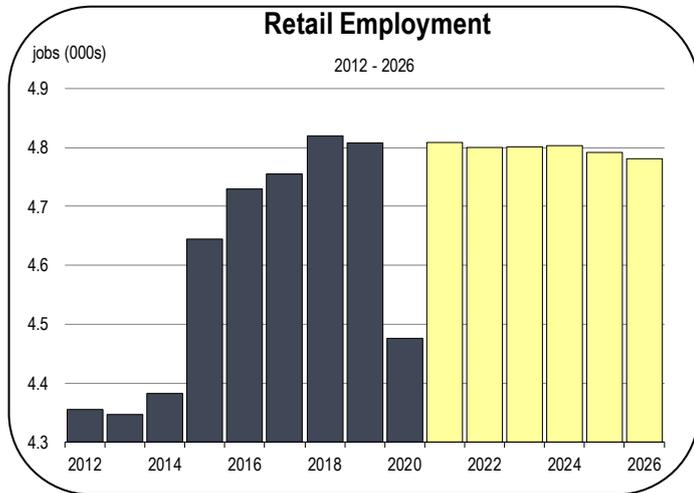
- Total employment in Mendocino County will expand by almost 6.0 percent in 2021 on an annual average basis.
- Between 2022 and 2026, job growth will average 1.5 percent.

Construction Employment

- Construction employment in Mendocino County increased rapidly between 2017 and 2019. Workers were hired to expand the housing supply and to rebuild homes that were destroyed by wildfires.
- Employment levels will increase again in 2021 and 2022. Building activity will diminish over the second half of the forecast period, but the Mendocino County construction industry will still support approximately 1,300 construction jobs in 2026.



Mendocino County Economic Forecast

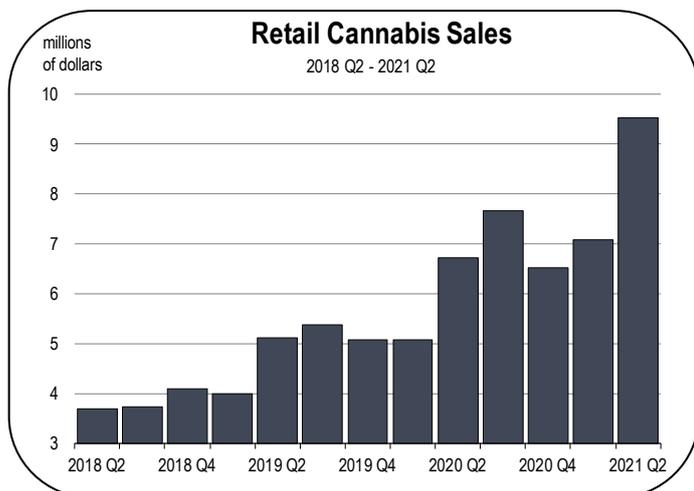


Retail Trade Employment

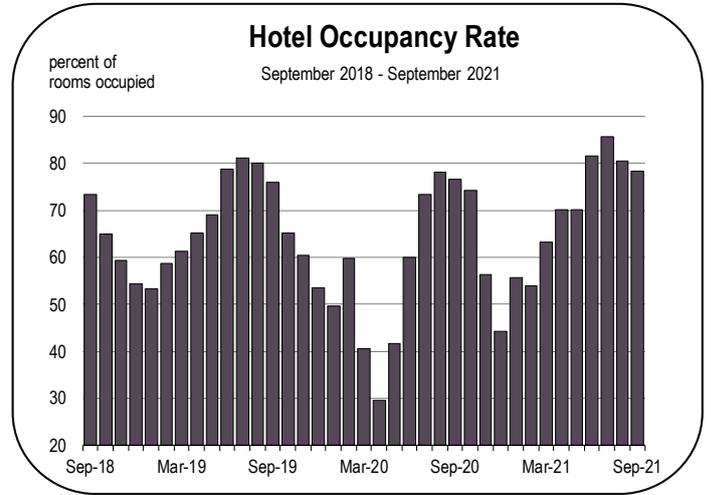
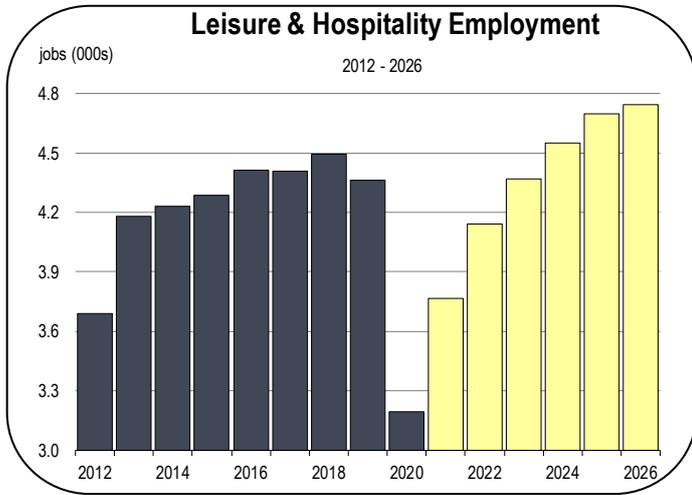
- The retail industry will begin to rebound in 2021 and could reach a full recovery before the end of the year.
- The Mendocino County retail industry was already under pressure before the onset of the Coronavirus Recession.
- Competition from online stores has slowed the expansion of the local brick-and-mortar industry, and the transition to online shopping will prevent the industry from growing over the forecast period.
- The legal cannabis industry has grown rapidly since its inception in 2018, and job creation at legal cannabis retailers has helped to offset declines in other retail subsectors.
- In the second quarter of 2021, Mendocino County cannabis stores recorded \$9.5 million in sales and employed hundreds of workers.

Private Education and Healthcare Employment

- A large share of the local economy is represented by hospitals and health facilities.
- Healthcare accounts for more jobs in Mendocino County than any sector other than government.
- The largest healthcare employer is Adventist Health, which has more than 500 workers across its facilities in Willits, Fort Bragg, and Ukiah.
- Local hospitals and clinics have struggled to meet staffing needs during the COVID-19 pandemic.
- In particular, hospitals have reported challenges recruiting and retaining enough nurses to meet mandated nurse-to-patient ratios.
- In some instances, hospitals have hired temporary workers from other counties and states, typically at much higher salaries.
- It is expected that healthcare employment will expand quickly during the forecast period, creating an additional 400 jobs compared to pre-pandemic conditions.
- But the 2021-2026 expansion could be at risk if recruitment challenges persist.
- In Mendocino County, there are very few jobs in private educational institutions.
- Most teachers and education administrators work in the government sector.



Mendocino County Economic Forecast



Leisure and Hospitality Employment

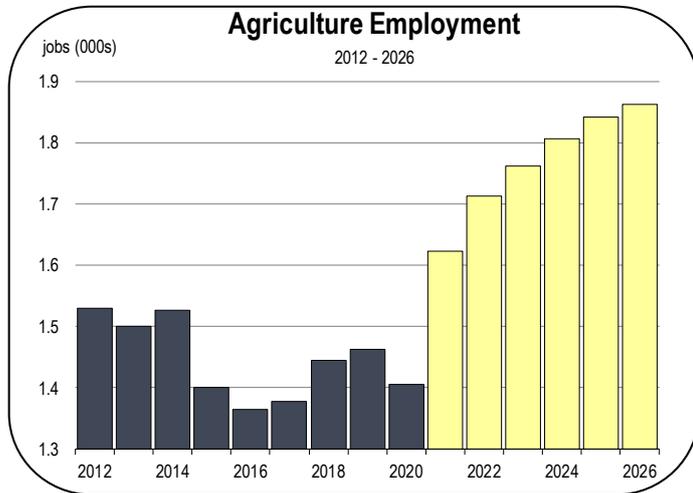
- Mendocino County is home to an expansive forest of redwoods. It has several California State Parks and a National Forest.
- Mendocino County also has a scenic coastline that includes Glass Beach, a state park with large amounts of sea glass.
- Travelers visit Mendocino County every year to experience its natural amenities, with overall tourism activity generating more than \$300 million annually at restaurants, hotels, bars, shops, and related businesses.

- Mendocino County also has an expanding subsector for cannabis tourism that includes greenhouse tours and cannabis sampling.
- The number of visitors to the county declined sharply in early 2020, but by the summer of 2021, the tourism industry was setting new records.
- Leisure and hospitality employment is expected to return to pre-pandemic levels by 2023 or 2024, and should expand through 2026.



Glass Beach

Mendocino County Economic Forecast



Agriculture Employment

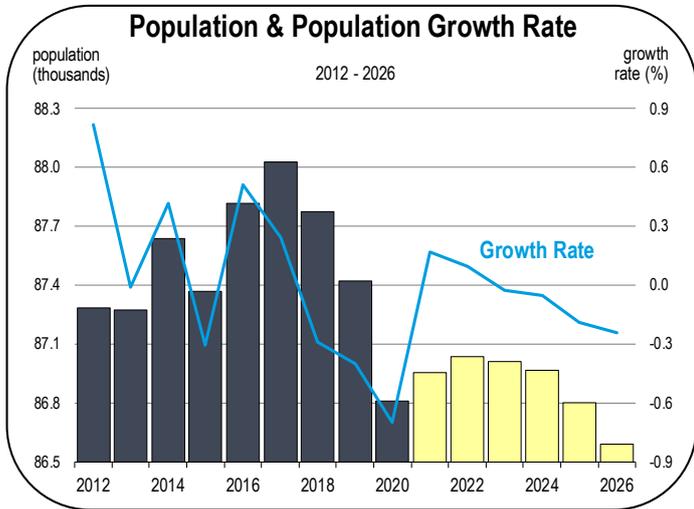
- The agriculture sector should expand sharply during the forecast period as Mendocino County cannabis growers enter the legal market and their employees begin to be counted in the official job market data.
- The most prominent agricultural commodity is cannabis, and the local cannabis industry is dominated by small farms and greenhouses.

- Mendocino County has the third largest cannabis cultivation industry in California, behind only Humboldt and Santa Barbara counties.
- In Mendocino County in 2021, approximately 850 cultivation permits were held by 670 growers, indicating that the average grower managed less than an acre of land or greenhouse space.
- By contrast, large cannabis businesses were more prominent across the rest of California.
- In the county with the second largest number of active cultivation permits - Santa Barbara - approximately 1,600 permits were held by just 67 growers.
- The supply of legal cannabis in California has begun to exceed demand, and prices have declined dramatically since the industry was legalized.
- Anecdotal evidence suggests that small growers have struggled to adapt to lower prices. Legal cannabis production in Mendocino County should continue to expand, but may ultimately depend on the ability of small operations to adapt to market fluctuations or merge into larger entities with better profit margins.



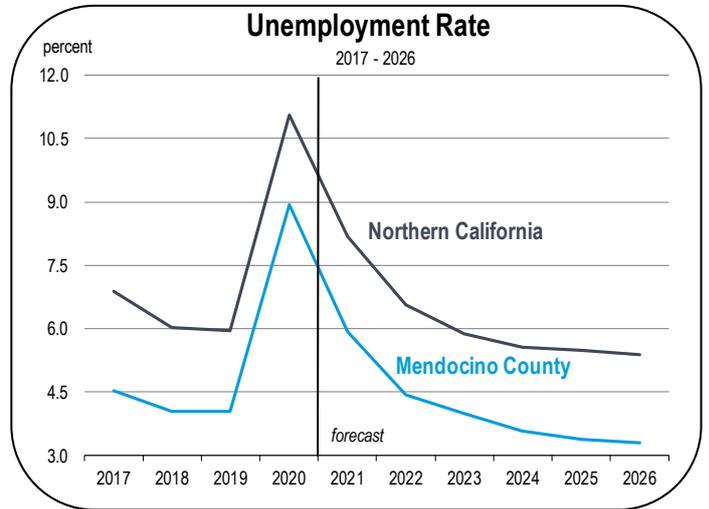
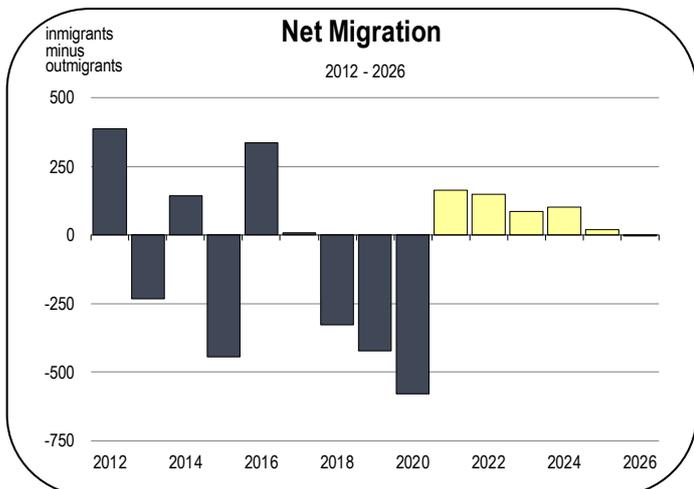
Cannabis Greenhouse

Mendocino County Economic Forecast



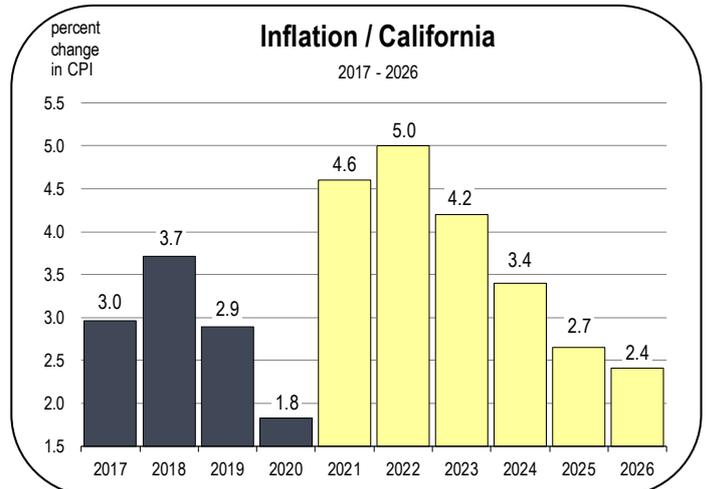
Population Growth

- The Mendocino County population is expected to increase in 2021 and 2022, but will ultimately begin to decline during the second half of the forecast period.
- Population decline is expected to persist over the long term, through at least 2030.
- Net migration is expected to be positive, with more residents moving into the county than moving out, but because the county has a large number of residents over the age of 75, deaths have begun to outnumber births, causing the overall population to shrink.
- By the end of the 2021-2026 forecast period, the county will have approximately 86,600 residents.
- By 2030, the population will have fallen closer to 85,700.

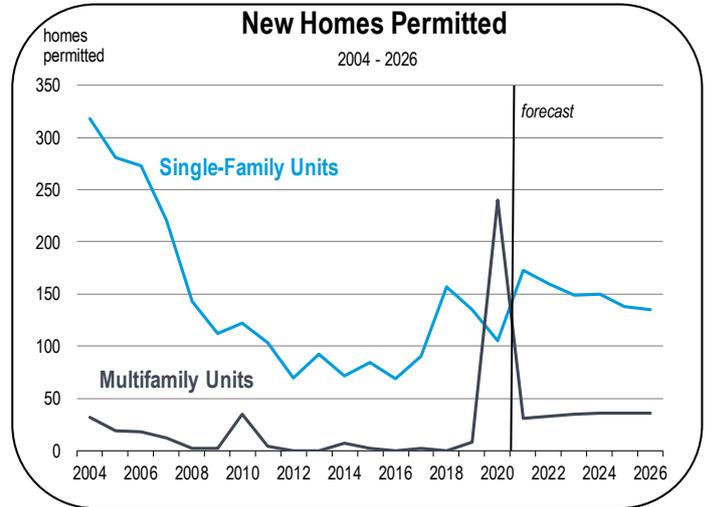
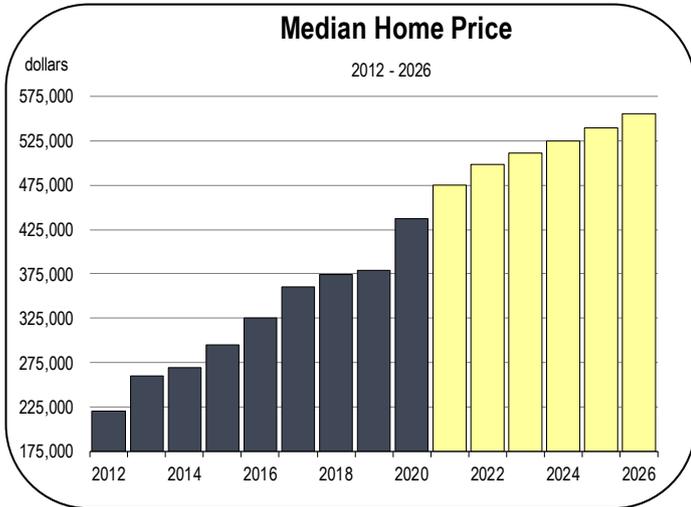


Unemployment and Inflation Rates

- The unemployment rate in Mendocino County averaged 8.9 percent in 2020.
- An unemployment rate below 5.0 percent signifies a fully employed workforce in the county.
- The unemployment rate is expected to average 5.9 percent in 2021 and 4.4 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged. It soared in 2021 and is expected to remain elevated for several years.
- Ultimately, inflation will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.



Mendocino County Economic Forecast



- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020, the median home price in Mendocino County was \$437,700, an increase of 16 percent from the previous year.
- The median price is expected to continue to increase very quickly in 2021 as the number of homes on the market plummets and the number of house hunters grows.

- In 2021, prices are forecast to expand rapidly in almost all California markets.
- Price appreciation should slow down in 2022, but the median price could approach \$575,000 by 2026.
- From 2015 to 2020, an average of 150 new homes were started per year in Mendocino County. Approximately 70 percent were single-family homes and the rest were multifamily units.
- Housing production is expected to average 150 to 200 units per year from 2021 to 2026, consisting primarily of single-family homes.



Mendocino County Coastline

Mendocino County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	87,369	35.4	-444	87	116	\$3.9	\$1.0	\$1.4	\$450	\$51,747	5.9	\$158	1.4
2016	87,815	35.4	335	69	119	\$4.1	\$1.1	\$1.4	\$431	\$52,067	5.3	\$186	2.3
2017	88,028	35.5	6	93	116	\$4.2	\$1.1	\$1.5	\$440	\$51,719	4.5	\$181	3.0
2018	87,773	35.2	-327	157	116	\$4.4	\$1.2	\$1.5	\$446	\$52,669	4.0	\$197	3.7
2019	87,421	35.3	-422	143	119	\$4.6	\$1.3	\$1.6	\$448	\$53,532	4.0	\$165	2.9
2020	86,811	35.5	-579	345	119	\$4.8	\$1.4	\$1.7	\$503	\$55,157	8.9	\$186	1.8
2021	86,955	35.6	163	205	120	\$5.1	\$1.4	\$1.8	\$496	\$56,552	5.9	\$216	4.6
2022	87,036	35.7	148	192	121	\$5.1	\$1.5	\$1.9	\$477	\$55,897	4.4	\$224	5.0
2023	87,011	35.8	86	184	122	\$5.4	\$1.5	\$1.9	\$488	\$57,464	4.0	\$227	4.2
2024	86,967	35.9	101	186	123	\$5.7	\$1.5	\$2.0	\$492	\$58,827	3.6	\$232	3.4
2025	86,802	36.0	19	174	124	\$5.9	\$1.6	\$2.0	\$497	\$59,947	3.4	\$238	2.7
2026	86,591	36.1	-1	172	126	\$6.1	\$1.6	\$2.0	\$503	\$61,024	3.3	\$241	2.4
2027	86,351	36.2	-7	171	127	\$6.4	\$1.6	\$2.1	\$509	\$62,216	3.3	\$247	2.2
2028	86,115	36.3	17	174	128	\$6.6	\$1.6	\$2.1	\$515	\$63,242	3.2	\$250	2.3
2029	85,892	36.4	39	177	129	\$6.8	\$1.7	\$2.1	\$518	\$64,088	3.2	\$253	2.2
2030	85,663	36.5	43	178	130	\$7.1	\$1.7	\$2.2	\$521	\$64,962	3.2	\$255	2.2
2031	85,455	36.6	77	182	131	\$7.3	\$1.7	\$2.2	\$525	\$65,888	3.2	\$258	2.3
2032	85,260	36.7	100	186	132	\$7.5	\$1.8	\$2.3	\$526	\$66,657	3.2	\$262	2.2
2033	85,036	36.8	78	183	133	\$7.8	\$1.8	\$2.4	\$530	\$67,649	3.2	\$266	2.0
2034	84,755	36.9	18	174	134	\$8.0	\$1.9	\$2.4	\$534	\$68,524	3.2	\$269	2.1
2035	84,445	37.0	-24	168	135	\$8.3	\$1.9	\$2.5	\$536	\$69,389	3.2	\$272	2.1
2036	84,211	37.1	30	176	136	\$8.5	\$2.0	\$2.5	\$537	\$69,960	3.3	\$275	2.2
2037	83,962	37.2	-5	171	137	\$8.8	\$2.0	\$2.6	\$538	\$70,432	3.3	\$279	2.2
2038	83,660	37.3	-75	161	137	\$9.0	\$2.1	\$2.7	\$540	\$71,063	3.3	\$282	2.2
2039	83,411	37.5	-51	165	138	\$9.3	\$2.1	\$2.8	\$540	\$71,554	3.3	\$285	2.2
2040	83,226	37.6	-12	170	139	\$9.6	\$2.2	\$2.8	\$541	\$72,061	3.3	\$288	2.1
2041	83,076	37.7	2	172	140	\$9.9	\$2.3	\$2.9	\$544	\$72,768	3.3	\$290	2.2
2042	82,963	37.8	11	173	141	\$10.2	\$2.3	\$3.0	\$548	\$73,482	3.3	\$292	2.1
2043	82,844	37.9	-21	169	141	\$10.5	\$2.3	\$3.0	\$552	\$74,233	3.3	\$293	2.0
2044	82,726	38.0	-41	166	142	\$10.8	\$2.4	\$3.1	\$556	\$75,111	3.3	\$295	2.2
2045	82,578	38.1	-90	159	143	\$11.1	\$2.4	\$3.1	\$559	\$75,888	3.3	\$296	2.2
2046	82,478	38.2	-67	162	143	\$11.4	\$2.5	\$3.2	\$562	\$76,559	3.3	\$297	2.2
2047	82,405	38.3	-68	162	144	\$11.7	\$2.5	\$3.3	\$564	\$76,988	3.3	\$297	2.2
2048	82,327	38.5	-92	159	145	\$12.0	\$2.6	\$3.4	\$566	\$77,318	3.3	\$296	2.3
2049	82,264	38.6	-90	159	145	\$12.3	\$2.7	\$3.4	\$570	\$77,879	3.3	\$296	2.0
2050	82,165	38.7	-129	154	146	\$12.6	\$2.7	\$3.5	\$572	\$78,338	3.3	\$294	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	32.0	1.40	1.0	2.5	0.7	5.4	1.0	1.7	0.3	5.5	4.3	7.1
2016	32.4	1.36	1.1	2.5	0.7	5.5	1.0	1.7	0.2	5.6	4.4	7.2
2017	33.0	1.38	1.2	2.5	0.7	5.6	1.1	1.7	0.2	5.8	4.4	7.2
2018	33.3	1.45	1.4	2.5	0.7	5.6	1.1	1.8	0.2	5.8	4.5	7.2
2019	33.1	1.46	1.4	2.4	0.7	5.5	1.1	1.9	0.2	5.8	4.4	7.2
2020	30.4	1.41	1.3	2.4	0.8	5.2	1.0	1.8	0.2	5.5	3.2	6.7
2021	32.2	1.62	1.4	2.4	0.9	5.5	1.0	1.8	0.1	5.8	3.8	6.8
2022	33.1	1.71	1.4	2.4	0.9	5.5	1.0	1.9	0.1	6.0	4.1	7.0
2023	33.7	1.76	1.3	2.4	0.9	5.5	1.0	1.9	0.1	6.0	4.4	7.3
2024	34.2	1.81	1.3	2.4	0.9	5.5	1.0	1.9	0.1	6.1	4.5	7.6
2025	34.5	1.84	1.3	2.4	0.9	5.5	1.0	1.9	0.1	6.1	4.7	7.6
2026	34.7	1.86	1.3	2.4	0.9	5.5	1.0	2.0	0.1	6.2	4.7	7.6
2027	34.9	1.89	1.3	2.4	0.9	5.5	1.0	2.0	0.1	6.2	4.8	7.7
2028	35.0	1.91	1.3	2.4	0.9	5.5	1.0	2.0	0.1	6.3	4.8	7.6
2029	35.2	1.92	1.3	2.4	0.9	5.5	1.0	2.0	0.1	6.3	4.9	7.7
2030	35.4	1.94	1.3	2.4	0.9	5.5	1.0	2.0	0.1	6.4	4.9	7.8
2031	35.6	1.95	1.3	2.4	1.0	5.5	1.0	2.0	0.1	6.4	4.9	7.9
2032	35.8	1.97	1.3	2.4	1.0	5.5	1.0	2.1	0.1	6.5	4.9	8.0
2033	36.0	1.99	1.3	2.3	1.0	5.5	1.0	2.1	0.1	6.5	5.0	8.1
2034	36.1	2.01	1.3	2.3	1.0	5.5	1.0	2.1	0.1	6.6	5.0	8.1
2035	36.3	2.02	1.3	2.3	1.0	5.5	1.0	2.1	0.1	6.6	5.0	8.1
2036	36.4	2.04	1.3	2.3	1.0	5.5	1.0	2.1	0.1	6.7	5.1	8.2
2037	36.5	2.05	1.3	2.3	1.0	5.5	1.0	2.1	0.1	6.7	5.1	8.2
2038	36.7	2.07	1.3	2.3	1.0	5.5	1.0	2.1	0.1	6.8	5.1	8.2
2039	36.8	2.09	1.3	2.3	1.0	5.5	1.0	2.1	0.1	6.8	5.2	8.2
2040	37.0	2.10	1.3	2.3	1.0	5.6	1.0	2.1	0.1	6.8	5.2	8.2
2041	37.1	2.11	1.3	2.3	1.0	5.6	1.0	2.1	0.1	6.9	5.2	8.3
2042	37.2	2.12	1.3	2.3	1.0	5.6	1.0	2.2	0.1	6.9	5.3	8.3
2043	37.4	2.12	1.3	2.3	1.0	5.6	1.0	2.2	0.1	7.0	5.3	8.4
2044	37.5	2.13	1.3	2.3	1.0	5.6	1.0	2.2	0.1	7.0	5.3	8.4
2045	37.7	2.14	1.3	2.3	1.0	5.6	1.0	2.2	0.1	7.0	5.4	8.5
2046	37.8	2.14	1.3	2.3	1.0	5.6	1.0	2.2	0.1	7.1	5.4	8.5
2047	37.9	2.14	1.3	2.3	1.0	5.6	1.0	2.2	0.1	7.1	5.4	8.5
2048	37.9	2.14	1.3	2.3	1.0	5.6	1.0	2.2	0.1	7.1	5.4	8.5
2049	38.0	2.13	1.3	2.3	1.1	5.6	1.0	2.2	0.1	7.2	5.5	8.5
2050	38.1	2.13	1.3	2.4	1.1	5.6	1.0	2.2	0.1	7.2	5.5	8.5

Mendocino County Economic Forecast

Socioeconomic Indicators

